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*Court-Appointed Receiver and Attorneys for Court-Appointed Receiver*

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF UTAH**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff.

v.

TRAFFIC MONSOON, LLC, a Utah Limited  
Liability Company, and CHARLES DAVID  
SCOVILLE, an individual,

Defendants.

**SIXTH INTERIM FEE APPLICATION  
FOR RECEIVER AND RECEIVER'S  
PROFESSIONALS FOR SERVICES  
RENDERED FROM APRIL 1, 2018  
THROUGH JUNE 30, 2018**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

Peggy Hunt, the Court-appointed Receiver (the "Receiver") of Traffic Monsoon, LLC ("Traffic Monsoon") and the assets of Charles David Scoville ("Scoville" and, together with Traffic Monsoon, the "Defendants") that were obtained directly or indirectly from Traffic Monsoon, hereby submits this interim "Fee Application," seeking approval by the Court of fees and expenses incurred by the Receiver, the Receiver's counsel, Dorsey & Whitney LLP ("Dorsey"), and the Receiver's accountants, Berkley Research Group, LLC ("BRG"), for the period of April 1, 2018 through June 30, 2018 (the "Application Period") and authorization to

pay all allowed fees and expenses from funds of the Receivership Estate. The Receiver respectfully submits that the Application should be approved. In support hereof, the Receiver states as follows.

**I.**

**CASE BACKGROUND**

1. On July 26, 2016, the above-captioned case was commenced by the United States Securities and Exchange Commission (the “SEC”) against the Defendants, alleging violations of federal securities laws. On that same day, the Court entered a *Temporary Restraining Order and Order Freezing Assets*, which was amended, in relevant part, on July 27, 2016 and on November 4, 2016.<sup>1</sup>

*Relevant Orders*

2. On July 27, 2016, the Court entered an *Order Appointing Receiver* (the “Receivership Order”),<sup>2</sup> thereby appointing the Receiver and stating in paragraphs 19 and 20 as follows:

19. The Receiver is authorized to employ professionals to assist her in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any professionals without first obtaining an Order of the Court authorizing such engagement. The Receiver is authorized to retain Dorsey & Whitney LLP, a firm in which the Receiver is a partner, as the Receiver’s counsel in this matter.

20. The Receiver and Retained Professionals are entitled to reasonable compensation and expense reimbursement from the receivership estate as described in the “Billing Instructions for Receivers in Civil Actions commenced by the U.S. Securities and Exchange Commission (the “Billing Instructions”) agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

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<sup>1</sup> Docket Nos. [8](#), [14](#) & [56](#).

<sup>2</sup> Docket No. [11](#).

3. The Court thereafter entered an *Order Granting Receiver's Ex Parte Motion Seeking Authorization to Employ Accountants*,<sup>3</sup> authorizing the Receiver's employment of BRG effective as of September 2, 2016.

4. On March 28, 2017, the Court entered, among other things, a *Preliminary Injunction*<sup>4</sup> and an *Amended Order Appointing Receiver* (the "Amended Receivership Order").<sup>5</sup> The Amended Receivership Order restates, without making substantive changes to, paragraphs 19 and 20 of the Receivership Order quoted in ¶ 2 above.<sup>6</sup>

5. On June 13, 2017, the Court entered an *Order Establishing Administrative Expense Payment Procedures* (the "Fee Procedures Order"),<sup>7</sup> setting forth procedures for the request and payment of professional fees and expenses in this case. This Fee Application is an "Interim Fee Application" within the meaning of ¶ 10 of the Fee Procedures Order and is intended to meet the criteria of ¶¶ 11 through 15 of that Order.

6. On February 16, 2018, the Court entered a *Second Amended Order Appointing Receiver* (the "Second Amended Order"), which did not affect billing and fee allowance procedures as set forth in the above-mentioned Orders, except that paragraph 5 of the Order requires that the Receiver "obtain prior approval from this court before using Receivership Assets to present arguments on the merits of the [SEC's] claims against Traffic Monsoon and

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<sup>3</sup> Docket No. [25](#).

<sup>4</sup> Docket No. [79](#).

<sup>5</sup> Docket No. [81](#).

<sup>6</sup> *Id.* (Amended Receivership Order ¶¶ [17-18](#)).

<sup>7</sup> Docket No. [101](#).

Scoville in the above captioned action . . . or in any appeals from orders or judgments of this court.”<sup>8</sup>

*Relevant Notices of Requests for Payment*

7. No requests for monthly payments pursuant to the Fee Procedures Order have been made for the Application Period.

*Relevant Status Report*

8. On August 30, 2018, the Receiver filed her *Sixth Status Report* (the “Status Report”).<sup>9</sup> The Status Report outlines the work done by the Receiver and her professionals during the current Application Period and is incorporated herein by reference.

**II.**

**FEES AND EXPENSES REQUESTED ARE ACTUAL, NECESSARY  
AND REASONABLE FOR THE SERVICES RENDERED**

9. During the Application Period, significant professional services were required to perform the work outlined in the Status Report incorporated herein.

10. The Receiver and her professionals have provided actual and necessary services related to the matters summarized in the Status Report and detailed in the Exhibits attached hereto for the benefit of the Receivership Estate. Out-of-pocket expenses were also incurred by the professionals in rendering services to the Receivership Estate.

11. Dorsey and BRG have submitted their invoices to the Receiver on a monthly basis, and the Receiver has reviewed and approved the invoices.

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<sup>8</sup> Docket No. [120](#).

<sup>9</sup> Docket No. [162](#).

12. The Fee Application complies with the SEC's Billing Instructions. In accordance with ¶ 12 of the Fee Procedures Order and the SEC Billing Instructions, the Receiver submitted this Fee Application to the SEC prior to filing it with the Court, and the SEC has informed the Receiver that it has no objection to the payment of the fees or reimbursement of the expenses outlined herein.

13. With any adjustments made, the Receiver believes that the fees and expenses are reasonable, especially in light of the work that has been done during the Application Period as outlined in the Status Report. She also believes that the services rendered and the expenses advanced have been beneficial to the Receivership Estate.

### **III.**

#### **SUMMARY OF EXHIBITS**

14. Professional services have been recorded contemporaneously with services being rendered and these services, as well as the expenses incurred, are detailed in the attached Exhibits described below.

15. The Receiver and Dorsey have maintained their time in records organized according to tasks, with each task record being maintained in chronological order. BRG has maintained its time in monthly time reports, with each month being broken into task categories.

16. The following three Exhibits are attached hereto in support of this Fee Application:

**Exhibit A—Time Records of Receiver**

<b>Exhibit A</b>	<b>Summary of Amounts Requested, Including Voluntary Reductions</b>
<b>Exhibit A-1</b>	<b>Case Administration</b>
<b>Exhibit A-2</b>	<b>Asset Recovery</b>
<b>Exhibit A-3</b>	<b>Litigation</b>
<b>Exhibit A-4</b>	<b>Claims Process</b>

**Exhibit B—Time Records of Dorsey**

<b>Exhibit B</b>	<b>Summary of Amounts Requested, Including Voluntary Reductions</b>
<b>Exhibit B-1</b>	<b>Case Administration</b>
<b>Exhibit B-2</b>	<b>Asset Recovery</b>
<b>Exhibit B-3</b>	<b>General Litigation</b>
<b>Exhibit B-4</b>	<b>International</b>
<b>Exhibit B-5</b>	<b>Out-Of-Pocket Expenses</b>

**Exhibit C—Time Records of BRG**

<b>Exhibit C</b>	<b>Summary of Amounts Requested, Including Voluntary Reductions</b>
<b>Exhibit C-1</b>	<b>April 2018 Invoice</b>
<b>Exhibit C-2</b>	<b>May 2018 Invoice</b>
<b>Exhibit C-3</b>	<b>June 2018 Invoice</b>

#### IV.

##### **SUMMARY OF AMOUNTS REQUESTED**

17. The Receiver is requesting allowance of the following fees and out-of-pocket expenses:

a. Receiver: From April 1, 2018 through the end of the Application Period on June 30, 2018, the Receiver has worked a total of 37.0 hours providing receivership services to the Receivership Estate for which fees in the total amount of \$11,909.25 have been incurred after reductions.<sup>10</sup>

b. Dorsey: From April 1, 2018 through the end of the Reporting Period on June 30, 2018, Dorsey has worked a total of 78.7 hours and provided legal services to the Receivership Estate for which fees in the total amount of \$26,851.00 and out-of-pocket expenses in the total amount of \$74.39 have been incurred after reductions.<sup>11</sup>

c. BRG: From April 1, 2018 through the end of the Reporting Period on June 30, 2018, BRG has worked a total of 52.5 hours providing forensic and general accounting services to the Receivership Estate for which fees in the total amount of \$14,859.50 and out-of-pocket expenses in the total amount of \$288.96 have been incurred after reductions.<sup>12</sup>

18. These amounts include reductions made by the respective professionals in an exercise of their billing judgment and/or at the request of the Receiver or the SEC. The Receiver

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<sup>10</sup> See Exh. A.

<sup>11</sup> See Exh. B.

<sup>12</sup> See Exh. C.

has reduced her fees in the total amount of \$1,244.25.<sup>13</sup> Dorsey has reduced its fees in the total amount of \$953.50 and its expenses in the amount of \$367.46.<sup>14</sup> BRG has reduced its fees in the total amount of \$848.00.<sup>15</sup>

19. The Receivership Estate has sufficient funds to pay all amounts requested.<sup>16</sup>

20. Based on the payments made to date, the Receiver is requesting that she be authorized to pay all allowed fees and expenses, none of which have been paid to date.

**V.**

**PRIOR APPLICATIONS AND INTERIM NATURE OF REQUEST**

21. This is the sixth Fee Application of the Receiver and her professionals.

22. On June 7, 2017, the Court entered an *Order Approving First Interim Fee Application For Receiver and Receiver's Professionals For Services Rendered From July 27, 2016 Through March 31, 2017*,<sup>17</sup> allowing the fees and expenses requested and authorizing payment of the same. The Receiver has made the payments authorized by that Order.

23. On October 23, 2017, the Court entered an *Order Approving Second Interim Fee Application for Receiver For Receiver and Receiver's Professionals For Services Rendered From April 1, 2017 Through June 30, 2017*,<sup>18</sup> allowing the fees and expenses requested and

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<sup>13</sup> See Exh. A.

<sup>14</sup> See Exh. B.

<sup>15</sup> See Exh C.

<sup>16</sup> See Docket No. 153 (Status Report & Exh. A (SFAR)).

<sup>17</sup> Docket No. [100](#).

<sup>18</sup> Docket No. [107](#).



authorizing payment of the same. The Receiver has made the payments authorized by that Order.

24. On February 8, 2018, the Court entered an *Order Approving Third Interim Fee Application for Receiver For Receiver and Receiver's Professionals For Services Rendered From July 1, 2017 Through September 30, 2017*,<sup>19</sup> allowing the fees and expenses requested and authorizing payment of the same. The Receiver has made the payments authorized by that Order.

25. On June 21, 2018, the Receiver filed a *Fourth Interim Fee Application for Receiver For Receiver and Receiver's Professionals For Services Rendered From October 1, 2017 Through December 31, 2017*.<sup>20</sup> This Application was amended pursuant to the Receiver's *Response to Request for Further Information Regarding Allowance of Certain Legal Fees and Proposed Amendment to Pending Fee Applications* (the "Response").<sup>21</sup> At this time, an Order has not been entered with relation to this Application, as amended in the Response.

26. On June 25, 2018, the Receiver filed a *Fifth Interim Fee Application for Receiver For Receiver and Receiver's Professionals For Services Rendered From January 1, 2018 Through March 31, 2018*.<sup>22</sup> This Application was amended pursuant to Receiver's Response. At this time, an Order has not been entered with relation to this Application, as amended in the Response.

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<sup>19</sup> Docket No. [119](#).

<sup>20</sup> Docket No. [152](#).

<sup>21</sup> Docket No. [161](#).

<sup>22</sup> Docket No. [154](#).

27. The Receiver and her professionals understand that authorization and payment of fees and expenses is interim in nature. All fees and expenses allowed on an interim basis will be subject to final review at the close of the case and the discharge of the Receiver when the Receiver files a final accounting and final fee application.

**VI.**

**CONCLUSION AND REQUEST FOR COURT APPROVAL**

28. For the reasons set forth above and as supported by the Exhibits attached hereto, the Receiver respectfully submits that the fees and expenses requested herein are for actual services that were necessary for and beneficial to the administration of the Receivership Estate. The Receiver has made every attempt to contain the administrative expenses of this Receivership Estate, and she submits that given the work that has been performed as outlined in the Receiver's Status Report, the fees and expenses that have been incurred are reasonable.

29. Thus, the Receiver respectfully submits this Fee Application and requests that the Court enter an Order allowing the fees and expenses requested herein. She also requests that the Court authorize her to pay allowed fees and expenses from funds of the Receivership Estate to

the extent those fees and expenses have not been paid to date in accordance with the Fee Procedures Order.

Dated this 12<sup>th</sup> day of ~~August~~ <sup>September</sup>, 2018.

**RECEIVER**

/s/ Peggy Hunt  
Peggy Hunt  
*Receiver, Peggy Hunt*

**DORSEY & WHITNEY LLP**

/s/ Michael F. Thomson  
Michael F. Thomson  
*Attorneys for Receiver, Peggy Hunt*

**BERKLEY RESEARCH GROUP, LLC**



Marvin Tenenbaum  
*Senior Vice President & Special Advisor to  
the Chairman*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 12th day of September, 2018, I caused the foregoing **SIXTH INTERIM FEE APPLICATION FOR RECEIVER AND RECEIVER'S PROFESSIONALS FOR SERVICES RENDERED FROM APRIL 1, 2018 THROUGH JUNE 30, 2018** to be electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of the filing to all counsel of record in this case.

/s/ Candy Long

I further certify that on this 12th day of June, 2018, I caused the foregoing **SIXTH INTERIM FEE APPLICATION FOR RECEIVER AND RECEIVER'S PROFESSIONALS FOR SERVICES RENDERED FROM APRIL 1, 2018 THROUGH JUNE 30, 2018** to be emailed to the following:

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[olivera@sec.gov](mailto:olivera@sec.gov)  
[moric@sec.gov](mailto:moric@sec.gov)  
[okinakaa@sec.gov](mailto:okinakaa@sec.gov)  
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/s/ Candy Long